

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
LUBBOCK DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**JOE LELAND TARVER,
ROCK AND ROLL CYCLES, LLC and
CYCLE FOR LIFE, INC.,**

Defendants.

C.A. No. 5:20-cv-00056

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”), files this Complaint against Defendants Joe Leland Tarver (“Tarver”); Rock and Roll Cycles, LLC (“RRC”); and Cycle For Life, Inc. (“CFL”) (collectively, the “Defendants”), and alleges as follows:

Summary

1. From about July 2014 through December 2017, the Defendants raised approximately \$491,000.00 from at least 18 investors in the form of promissory notes issued by RRC and/or CFL. Tarver told investors that the proceeds from the promissory notes would be used by RRC and/or CFL to manufacture and distribute tricycles for disabled children and adults. In fact, Tarver (a) diverted a significant amount of the money for his personal expenses; (b) failed to inform investors that he had been sued by at least three earlier investors for failure to repay their promissory notes, despite assuring the new investors that they would be repaid; and (c) frequently used funds from new investors to make principal and interest payments to prior investors.

2. Through this misconduct, the Defendants violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

Jurisdiction and Venue

3. Defendants offered and sold securities in the form of promissory notes to investors and prospective investors. The notes are securities under Section 2(a)(1) of the Securities Act [15 U.S.C. §77b] and Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c]. As such, the Commission brings this action under Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], seeking to restrain and enjoin the Defendants from permanently engaging in the acts, practices, and courses of business alleged herein.

4. This Court has jurisdiction over this action under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], and venue is proper because the conduct occurred within the Northern District of Texas, Lubbock Division.

5. The Defendants directly and indirectly made use of means or instruments of transportation and communication, and means or instrumentalities of interstate commerce, and of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein.

DEFENDANTS

6. **Joe Leland Tarver** is an individual residing in Lubbock, Texas. Tarver is the sole managing member and/or director of RRC and CFL.

7. **Rock and Roll Cycles, LLC** (“RRC”), is a Texas limited liability company that was originally formed in June 2011 under the name LBB Cycles For Life, LLC. In July 2011, LBB Cycles For Life, LLC changed its name to Rock and Roll Cycles, LLC. RRC’s principal place of business is in Lubbock, Texas. Tarver is, and at all relevant times was, the managing member of RRC. RRC markets and sells custom tricycles for disabled children and adults.

8. **Cycle For Life, Inc.** (“CFL”), is a Texas corporation formed in July 2016. CFL’s principal place of business is in Lubbock, Texas. At all relevant times, Tarver has been the sole officer and/or director of CFL. CFL markets and sells custom tricycles for disabled children and adults.

Facts

9. From about July 2014 through December 2017, Tarver raised an estimated \$491,000 from approximately 18 investors located in various states through the sale of RRC and CFL promissory notes, promising annual returns between 6% and 9.6%. Tarver told investors that he intended to use the funds raised through the issuance of the promissory notes to manufacture and sell custom tricycles for disabled children and adults and that investors’ interest payments would be funded through the profit his companies earned from selling the tricycles. Tarver offered investors the option of receiving monthly interest payments or allowing the interest to compound and be paid annually or at the end of the note terms, which ranged between two and five years.

10. Tarver, personally and through his companies RRC and CFL, made several material misrepresentations and took other misleading actions during the course of offering the promissory notes.

11. For example, Tarver told investors that he was going to use the funds raised through the issuance of promissory notes for the manufacture and sale of custom tricycles for disabled children and adults. In fact, he diverted much of the funds to cover his personal unrelated expenses and did not inform investors of these other personal expenditures. In addition, Tarver, and through him, his companies RRC and CFL, failed to properly inform new investors of past lawsuits accusing him of failing to honor promissory notes. In September 2016, an investor filed a lawsuit against RRC in connection with an unpaid promissory note and interest. In November 2016, the investor was granted a default judgment in the amount of \$135,894 plus \$7,500 in attorney fees.

12. In November 2017, another investor filed a lawsuit naming Tarver and RRC defendants and seeking damages and relief for an alleged unpaid RRC promissory note.

13. Tarver continued to solicit investors after at least the first two lawsuits were filed (and after one had resulted in a default judgment). Despite assuring these new investors that their investment principal would be repaid, he did not disclose the 2016 and 2017 investor lawsuits.

14. Finally, because RRC and CFL lacked sufficient profits to make principle and interest payments he owed investors, despite his promises to investors, Tarver used money provided by new investors to pay previous investors. According to relevant bank records, he did so on several occasions, including at least in March 2015, December 2014, January 2018, and May 2018. In doing so, Tarver would frequently select which investors he believed should be repaid, even if other investors' notes were already past due. He did not inform investors of these preferential choices.

Claims for Relief

First Claim

Fraud

(In violation of Section 17(a) of the Securities Act)

15. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 14 of this Complaint by reference as if set forth verbatim.

16. The Defendants, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means or instruments of transportation and communication in interstate commerce, or by use of the mails: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices, or courses of business which operate or would operate as a fraud or deceit upon the purchasers.

17. With respect to violations of Sections 17(a)(2) and (3) of the Securities Act, the Defendants were at least negligent in their actions and inaction. With respect to violations of Section 17(a)(1) of the Securities Act, the Defendants acted knowingly or severely recklessly in their actions and inaction. By reason of the foregoing, the Defendants violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

Second Claim

Fraud

(In violation of Section 10(b) of the Exchange Act and Rule 10b-5)

18. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 14 of this Complaint by reference as if set forth verbatim.

19. The Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by the use of any means or instrumentality of interstate commerce or of the mails, knowingly or with reckless disregard for the truth: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operate or would operate as a fraud and deceit upon purchasers of securities, or upon other persons.

20. The Defendants acted knowingly or severely recklessly in their actions and inaction. By reason of the foregoing, the Defendants violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

Relief Requested

Plaintiff respectfully requests that this Court enter a judgment:

I.

Permanently enjoining the Defendants from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II.

Permanently enjoining the Defendants from directly or indirectly participating in the issuance, offer, or sale of promissory notes.

III.

Ordering Defendants to disgorge an amount equal to the funds and benefits obtained

illegally, or to which he is otherwise not entitled, plus prejudgment interest on that amount.

IV.

Ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 209(e) of the Advisers Act [15 U.S.C. § 275.209(e)] for the violations alleged herein.

V.

Granting such further relief as this Court may deem just and proper.

Dated: March 10, 2020

Respectfully submitted,

s/Matthew J. Gulde

MATTHEW J. GULDE

Illinois Bar No. 6272325

United States Securities and Exchange Commission

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ATTORNEY FOR PLAINTIFF UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Securities and Exchange Commission

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

DEFENDANTS

Joe Leland Tarver, et al

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Large table with categories: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, PRISONER PETITIONS, TORTS, PERSONAL INJURY, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

15 U.S.C. §77q(a), 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5

Brief description of cause:

Securities offering fraud

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$

CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

March 10, 2020

s/ Matthew Gulde

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
 Original Proceedings. (1) Cases which originate in the United States district courts.
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.
PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7. Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If a related case exists, whether pending or closed, insert the docket numbers and the corresponding judge names for such cases. A case is related to this filing if the case: 1) involves some or all of the same parties and is based on the same or similar claim; 2) involves the same property, transaction, or event; 3) involves substantially similar issues of law and fact; and/or 4) involves the same estate in a bankruptcy appeal.

Date and Attorney Signature. Date and sign the civil cover sheet.